



Department of Energy
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

SEP 30 2010

To All Central Valley Project Preference Customers and Interested Parties:

Please note, effective October 1, 2010, the Fiscal Year (FY) 2011 Power Revenue Requirement (PRR) is \$75,751,929.

On January 26, 2007, the Federal Energy Regulatory Commission noticed Rate Order WAPA-128, which includes rate schedules for the Central Valley Project, California-Oregon Transmission Project, and the Pacific Alternating Current Intertie. The rate order states that the Western Area Power Administration (Western) will develop the PRR for Component 1 for First Preference (FP) and Base Resource (BR) power prior to the start of each FY.

Effective October 1, 2010, the PRR for FY11 is \$75,751,929 and the FP Customers' Revenue Requirement is \$3,636,093, resulting in a BR Revenue Requirement of \$72,115,836. As indicated in Rate Schedule CV-F12, the BR Revenue Requirement is allocated 25% and 75% for the first and last six months of the FY, respectively. The monthly BR revenue requirement is \$3,004,827 for October 2010 through March 2011 and \$9,014,480 for April 2011 through September 2011. Please see the enclosed table for details.

The FY11 PRR dropped from the current FY10 PRR of \$77,609,919, as a result of various changes; specifically, a main contributing factor was Western's cost containment of operation & maintenance expenses. In addition, an increase associated with the transmission revenues from the new rates produced a slight increase in the Miscellaneous Revenues category.

The current FY10 Revenue Requirements and Rates are located at Sierra Nevada Region's website: <http://www.wapa.gov/sn/marketing/rates/>. The FY11 Revenue Requirements and Rates will be posted on September 30, 2010.

If you have any questions regarding the FY11 PRR, please contact Charles J. Faust, Rates Manager, Sierra Nevada Region, at (916) 353-4468.

Sincerely,

ORIGINAL SIGNED BY

Charles J. Faust
Rates Manager

Enclosure

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**Sierra Nevada Region
FY11 Revenue Requirements
October 2010 through September 2011**
(Effective October 1, 2010)



<i>All Rates (except Custom Product Power) include 3 components. The rates and revenue requirements listed in this table are for Component 1 only. For information on components 2 and 3, see the note at the bottom of the table</i>	<i>FY 2011 Revenue Requirement</i>	<i>Applicable Rate Schedule</i>
POWER		CV-F12
Power Revenue Requirement (for First Preference and Base Resource) (Oct 2010 – Sep 2011)	\$ 75,751,929	
First Preference Customers' Percentages (apply to the Power Revenue Requirement):		
Sierra CC	0.37%	
Calaveras PPA	0.90%	
Trinity PUD	2.80%	
Tuolumne PPA	<u>0.73%</u>	
Total	4.80%	
First Preference Revenue Requirement	\$3,636,093	
Base Resource Revenue Requirement	\$72,115,836	
Oct 10 – Mar 11 Monthly = \$72,115,836 * 25% / 6 months	\$3,004,827	
Apr 11 – Sep 11 Monthly = \$72,115,836 * 75% / 6 months	\$9,014,480	

Component 2: Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or schedule accepted or approved by the Federal Energy Regulatory Commission (Commission) or other regulatory body will be passed on to each appropriate Customer. The Commission or other regulatory body accepted or approved charges or credits apply to the service to which this rate methodology applies.

When possible, Western will pass through directly to the appropriate Customer, the Commission or other regulatory body accepted or approved charges or credits in the same manner Western is charged or credited. If the Commission or other regulatory body accepted or approved charges or credits cannot be passed through directly to the appropriate Customer, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3: Any charges or credits from the Host Control Area (HCA) applied to Western for providing this service will be passed through directly to the appropriate Customer in the same manner Western is charged or credited, to the extent possible. If the HCA costs or credits cannot be passed through to the appropriate Customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.